

**HOPKINS CITY COUNCIL**

**AGENDA**

**Tuesday, May 21, 2024**

**6:30 pm**

**THIS AGENDA IS SUBJECT TO CHANGE  
UNTIL THE START OF THE CITY COUNCIL MEETING**

**I. CALL TO ORDER**

**II. ADOPT AGENDA**

**III. PRESENTATIONS**

1. Proclamation Commemorating LGBTQIA+ Pride Month (Pride Month); Imihy Bean
2. Local Affordable Housing Aid; Needham/Elverum

**IV. CONSENT AGENDA**

1. Minutes of the May 7, 2024, Regular Meeting Proceedings
2. Minutes of the May 15, 2024, Special Meeting Proceedings
3. Approval of Business Licenses; Domeier
4. Approval of Liquor License Renewals for the term of July 1, 2024, to June 30, 2025; Domeier
5. Approval of Temporary Liquor License for JCI Hopkins; Domeier

**V. PUBLIC HEARINGS**

**VI. OLD BUSINESS**

**VII. NEW BUSINESS**

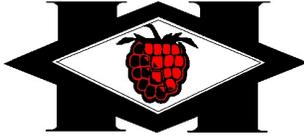
1. Resolution Awarding the Sale of \$9,375,000 General Obligation Bonds, Series 2024A; Bishop

**VIII. PUBLIC COMMENT**

**IX. ANNOUNCEMENTS**

- Next City Council Regular Meeting: Tuesday, June 4 and 11 at 6:30 p.m.

**X. ADJOURN**



CITY OF HOPKINS

## City Council Report 2024-068

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: PeggySue Imihy, AICP, Special Projects and Initiatives Manager

Date: May 21, 2024

Subject: Proclamation for LGBTQIA+ Pride Month (Pride Month)

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### RECOMMENDED ACTION

**MOTION TO** Adopt a Proclamation for LGBTQIA+ Pride Month (Pride Month) in Hopkins, and to hang Pride flags from every other flagpole along Mainstreet.

### OVERVIEW

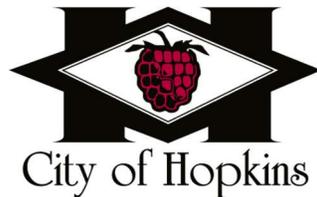
The month of June has been the chosen to celebrate LGBTQIA+ Pride Month (Pride Month) since 1970. Members of the LGBTQIA+ community have long been subjected to violence, marginalization, and discrimination. Though much progress has been made to amend these injustices, work remains to be done to ensure everyone feels safe and welcome on a daily basis.

People identifying as LGBTQIA+ have made, and continue to make, contributions to the City of Hopkins and the United States as a whole. The City of Hopkins wishes to recognize and celebrate LGBTQIA+ staff members, volunteers, and residents with the attached proclamation. Staff also recommend hanging Progress Pride flags along Mainstreet, as has been done in years past.

Additionally, the second annual Hopkins Pride Festival will be held downtown on June 15<sup>th</sup>, 2024 and will bring together local businesses, residents, and visitors in celebration and solidarity with the LGBTQIA+ community.

### SUPPORTING INFORMATION

- Proclamation for LGBTQIA+ Pride Month (Pride Month)



## **A Proclamation Commemorating LGBTQIA+ Pride Month (Pride Month)**

**WHEREAS**, the month of June has historically been the chosen to celebrate LGBTQIA+ Pride Month (Pride Month) since 1970 to mark the one year anniversary of the Stonewall Uprising in New York City; and

**WHEREAS**, previous to and since the first Pride marches, members of the LGBTQIA+ community have been victims of violence and hate speech, marginalization, and discrimination; and

**WHEREAS**, though much progress has been made in the areas of civil rights and equal treatment for members of the LGBTQIA+ community, it is recognized that more work remains to be done for everyone to feel safe and welcomed on a daily basis; and

**WHEREAS**, people identifying as LGBTQIA+ have made, and continue to make, important contributions to the City of Hopkins and the country as a whole; and

**WHEREAS**, the second annual Hopkins Pride Festival will be held downtown on June 15<sup>th</sup>, 2024 and gathers local business, community organizations, and residents together in mutual support and camaraderie; and

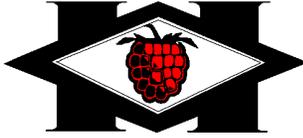
**WHEREAS**, the City of Hopkins recognizes and celebrates its LGBTQIA+ staff, volunteers, residents, and visitors, their accomplishments, and their right to happiness and equal treatment; and

**NOW THEREFORE**, I, Patrick Hanlon, Mayor of the City of Hopkins in the State of Minnesota, along with my fellow Council Members, recognize, adopt, and proclaim June 2024 as Pride Month in the City of Hopkins, and urge all residents to connect with, celebrate, and welcome their neighbors in the LGBTQIA+ community to create an environment where diversity is celebrated and everyone feels safe and respected.

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the Seal of the City of Hopkins, Minnesota to be affixed this 21<sup>st</sup> day of May, 2024.

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Patrick Hanlon, Mayor



CITY OF HOPKINS

Planning and Economic  
Development

## Memorandum

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Revée Needham, Community Development Manager  
Kersten Elverum, Director of Planning and Development

Date: May 21, 2024

Subject: Presentation on Local Affordable Housing Aid

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### PURPOSE

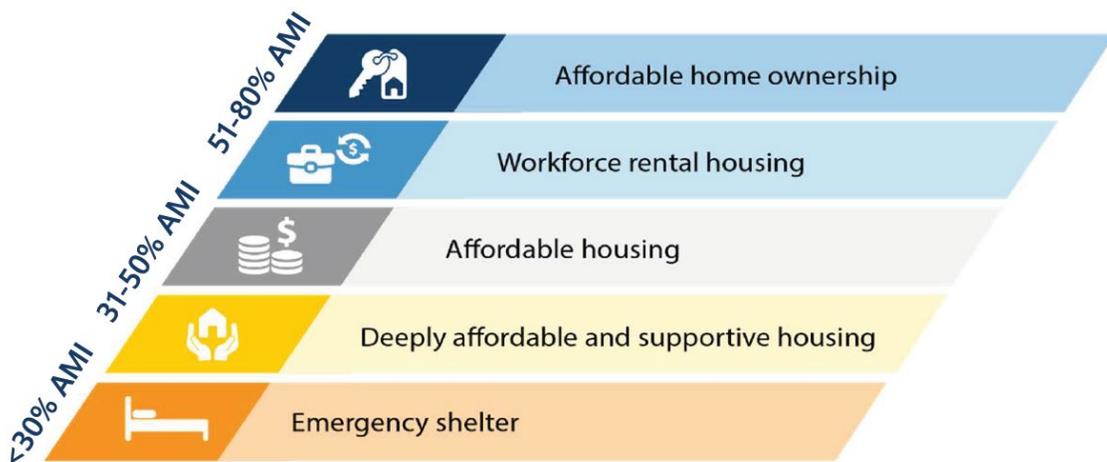
Staff will provide an overview of the Local Affordable Housing Aid (LAHA) program passed in 2023, as well as an update on housing trust funds and the low-income rental classification program, also known as the 4d program. This item is informational only with no formal action requested, however, staff is looking for guidance on the preferred use of LAHA funds.

### INFORMATION

#### Affordable Housing Background

According to the Department of Housing and Urban Development (HUD), housing is considered affordable when people spend less than 30% of their income on housing costs. Across the nation and [Minnesota](#), the housing production has not met demand, rent prices are climbing, and housing is becoming increasingly unaffordable, particularly for renters. In [Hennepin County](#), 52% of renter households earn less than 60% of area median income (AMI), and of those, 78% are cost-burdened and pay more than 30% of their monthly income on housing. Communities of color are disproportionately impacted by rising housing costs, as households of color are far more likely to be renters than homeowners in the Twin Cities and across Minnesota. In Hopkins, rent prices have risen by 16% from 2010 to 2018 according to the Minnesota Housing Partnership.

Affordable housing policies are multi-layered and generally address tenant protections, the preservation of existing affordable units or creation of new affordable housing units. Hennepin County has a visual representation of the varying levels of affordability and affordable housing policies ranging from home ownership to emergency shelter:



### Affordable Housing in Hopkins

Hopkins has a unique housing market and housing stock compared to other cities within Hennepin County. In Hopkins, over 65% of people rent their homes and less than 35% own the home they live in. Much of Hopkins' housing stock is considered naturally occurring affordable housing (NOAH). NOAH is subject to market conditions and does not have a legal requirement to remain affordable over time. Compared to other cities in Hennepin County, Hopkins has the third largest amount of NOAH units according to the Minnesota Housing Partnership, with approximately 67% of our housing stock being considered NOAH. Approximately 7% of affordable housing in Hopkins is legally binding to remain affordable for a set amount of time.

While much of the housing in Hopkins has been affordable, market pressures and the economy can cause housing costs to rise. As Hopkins grows and redevelops, ensuring that affordable housing options continue to be available is a priority of the City Council as documented in *Cultivate Hopkins*, the City's comprehensive plan and 2024 City Council goals. The City Council held work sessions on [September 13, 2022](#) and [March 14, 2023](#) to discuss affordable housing. At the March 2023 work session, the Council discussed three affordable housing policy options: inclusionary housing, the low-income rental classification (also known as the 4d program), and affordable housing trust funds. On May 16, 2023 Council passed an [inclusionary housing policy](#).

### 2023 Legislative Policies

The 2023 Legislative session included an [unprecedented investment](#) in affordable housing including the creation of a [new direct local housing aid](#). LAHA was funded with a new 0.25% metropolitan area sales tax on retail sales, taking effect October 1, 2023. The sales tax proceeds will be distributed as follows: 25% to metropolitan cities over 10,000 in population, 50% to the seven metropolitan counties, and 25% to state rent assistance. For cities, the funds will be distributed based on the percentage of cost-burdened households in each city. A cost-burdened household is defined as households where gross rent is 30% or more of household income or where homeownership costs are 30% or more of household income. Similarly to the local government aid, the Department of Revenue will distribute the funds in two installments per year, with the first installment to be paid on July 20, 2024. Initial estimates propose that Hopkins will receive approximately \$360,000 per year. The actual amount to be received will be posted on July 1, 2024.

In the 2024 legislative session, there are two proposed amendments to the LAHA. One amendment is minor and proposes changing the distribution date to once a year on October 1<sup>st</sup>. The other amendment would require metropolitan cities receiving LAHA to provide an annual report to certify that they are using their local affordable housing aid to supplement, not supplant, their existing locally funded housing expenditures. Both amendments are currently being debated in conference committees and staff will continue to monitor the pending changes.

In addition to the LAHA funding, \$4.8 million was allocated to the Local Housing Trust Funds Grant Program to encourage local governments to create or fund local housing trust funds. The program uses state funding to match a portion of new housing trust fund dollars to encourage local investment in affordable housing across Minnesota. These funds may come from any source other than the state or federal government. Minnesota Housing released a program guide but is still working on setting up the administration of the grant program. Staff will continue to monitor the program updates and will return to Council when more information is available.

Included in the 2023 omnibus tax bill was changes to [the low-income housing rental property](#), 4d(1) tax classification. Under previous law the first \$100,000 of value had a class rate of 0.75%, while value above \$100,000 had a class rate of 0.25%. The new law makes several changes, including reducing the 0.75% rate on the first \$100,000 of value to 0.25%, creating one flat rate on 4d(1) property. This change makes the 4d(1) program more enticing to owners of low-income rental properties. In addition, the changes allow community land trust property that is owned and used as a homestead by the occupant to qualify for the newly established class 4d(2), which is taxed at a 0.75% flat rate and is eligible for the homestead credit refund.

An additional \$150 million was allocated for down payment assistance for first generation homeowners with the premise of reducing the homeownership disparity gap. The First-Generation Homebuyers Community Down Payment Assistance Fund will be launching soon, and those interested can [sign up for updates on the website](#). Hennepin County also has a [downpayment assistance program](#) that is now accepting applications. Additional investments for affordable housing passed during the 2023 legislative session can be viewed in [this summary document](#).

### LAHA Overview

LAHA funds must be used for affordable housing production and preservation. Funds must be spent by December 31<sup>st</sup>, four years after the funds were distributed. Funds will be considered spent if used on a qualifying project or if the city can demonstrate the inability to spend the funds due to factors outside the control of the city.

The program is flexible and qualifying projects include:

- Emergency rental assistance for households earning less than 80% of area median income (AMI) as determined by the HUD.
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing.
- Construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing for:

- Homeownership projects, 115% of the greater of state or AMI as determined by HUD.
- Rental housing projects, 80% of the greater of state or AMI as determined by HUD.

Starting in 2025, cities are required to report annually on the uses for LAHA funds and any unspent funds. A complete overview of LAHA can be found on [the Department of Revenue website](#). A summary of LAHA frequently asked questions is also attached.

### Hennepin County

Hennepin County is estimated to receive \$29 million per year in LAHA. The County intends to use funds to meet their existing strategies such as NOAH Preservation, Homeownership Assistance, Emergency Renter Assistance, etc. The County will use the funds to create a new permanent eviction prevention fund, fund the capacity building of affordable housing developers, add to the Human Services budget, and work on increasing affordable housing production. The county's memo on their implementation plans for LAHA is attached for reference.

Staff reached out to neighboring cities within Hennepin County to inquire about their plans for use of LAHA funds. While cities have not yet formally adopted a spending plan, staff indicated that funds would likely be used to supplement their existing programs.

### LAHA Options for Hopkins

Given the flexibility with the funds, Hopkins could use the LAHA for a variety of programs. Below is a non-exhaustive summary of potential options in the areas of protection, preservation, and production of affordable housing. Based on direction from the Council, staff will return with more detailed policy and program options in the future.

- *Emergency Rent Assistance.* Hennepin County and ICA both offer emergency rent assistance programs. Additional assistance could be offered with the use of LAHA funds. It is unclear if a portion of the LAHA funds can be used for navigation, services, and administration related to emergency rent assistance. If these costs are excluded, this could limit this as an option. Staff have received an inquiry from a local nonprofit initially advocated for additional emergency rent assistance.
- *Financial Support for Nonprofit Housing Providers.* Staff have received an inquiry from a local nonprofit supporting the use of LAHA in line with the Hennepin County implementation plan.
- *Gap Financing for New Construction.* The funds could also be used for gap financing for new construction affordable housing projects. Notably, the recent adoption of Hopkins' Inclusionary Housing Policy could create financing gaps for new construction projects. However, the amount of LAHA funding that Hopkins is anticipated to receive is much less than recent project subsidies given through other means such as tax increment financing. LAHA funds could be saved over a few years to increase the amount of assistance available for one project.
- *Homeownership Assistance.* There are multiple options to support homeownership for Hopkins residents, such as downpayment assistance, home repair assistance, and community land trusts. The state and Hennepin County are both offering new first-generation homeownership downpayment assistance programs this year, which are likely to be popular and fill up quickly. Hennepin

County also administers Hopkins' Community Development Block Grant (CDBG) funds with the Housing Rehab Deferred Loans program. As of 2024, there are 13 people on the waiting list for the rehab loan program. The community land trust model is an option to create and preserve affordable homeownership for families by removing the market value of the land from the mortgage. Homes within Reach, the West Hennepin Affordable Housing Land Trust, operates near Hopkins, but a significant initial subsidy is needed for each home purchase, with per-house subsidies in the Minneapolis land trust now topping more than \$200,000.

- *Rental Rehabilitation.* LAHA could be used to fund modest repairs of existing affordable units and maintain affordability through the establishment of a local low-income rental classification program 4d(1) program. As many rental buildings in Hopkins are older, repairs and maintenance are necessary and increasingly cost-prohibitive. Additionally, the funds could be used to assist with the upcoming repairs needed with the maintenance of Dow Towers, such as the sprinkler system.
  - As mentioned, the rehabilitation of rental units could be tied to the 4d(1) program, a State-wide program that reduces the tax rate on affordable housing. Due to the changes to the tax classification program, the program is receiving more interest and staff have received several inquiries into taking advantage of the program in Hopkins this year. Property owners could reduce their tax burden on rental units from 1.25% to 0.25%, an 80% change, by enrolling in the program. To qualify, at least 20% of units in a building are subject to rent restrictions. If Hopkins established a 4d(1) program, this would decrease the city's overall tax capacity and slightly shift the tax burden to the other tax classifications. To buffer these impacts, the City could limit the number of 4d(1) units/applications approved over time.

Given the housing stock and housing market within Hopkins, staff view the preservation of NOAH as a higher priority than other options, and the 4d(1) program is the most utilized tool for affordable rental housing preservation. However, staff are cognizant of the time and resources required to set up and administer new programs, as well as the overall tax impacts on all properties not eligible for the 4d(1) class rate. Finally, LAHA funding does not cover administrative costs, resulting in a need to reprioritize the work of existing staff.

## **FUTURE ACTION**

Based on the direction from the Council, staff will work on drafting policy options and return for feedback on the LAHA spending plan. At this time, staff do not anticipate expending the funds before 2025.

## **SUPPORTING INFORMATION**

- [Hyperlink to LAHA Website](#)
- [LAHA Frequently Asked Questions](#)
- [Hennepin County LAHA Memo](#)
- [Hyperlink to March 2023 Council Discussion](#)
  - [Hyperlink to Video](#)
- [Hyperlink to September 2022 Council Discussion](#)
  - [Hyperlink to Video](#)
- [Hyperlink to Low-Income Rental Classification Website](#)



## Local and Statewide Affordable Housing Aid: Frequently Asked Questions

In 2023, the Minnesota Legislature authorized aid payments to counties, cities and Tribal Nations. The goal is to fund affordable housing projects and help organizations provide affordable and supportive housing.

Local Affordable Housing Aid (LAHA) is aid to metropolitan local governments. LAHA is funded through a new dedicated sales tax in the seven-county metropolitan area. As sales taxes will vary, the amount of LAHA distributed will also vary.

Statewide Affordable Housing Aid (SAHA) is funded by state funds appropriated to the Department of Revenue. All Minnesota counties, seven Tribal Nations and 37 cities will receive this aid.

Aid payments are made directly to local governments. In the metro, aid is funded by the sales tax for housing. Statewide, aid is funded by state appropriations.

Throughout the document, “housing aid” is used when the response applies to both LAHA and SAHA.

**Note:** The information provided in this document does not constitute legal advice and is subject to change. If there are questions regarding how program requirements or criteria apply in specific circumstances, please consult with your own legal counsel.

### Overview and Requirements

#### Why is there a difference between SAHA and LAHA?

The primary differences between LAHA and SAHA are the way they are funded, when funding will be disbursed and to whom.

Both aid projects have the same eligible uses and requirements except for market rate housing. This is only available in certain non-metropolitan areas using SAHA.

#### What are the eligible uses of housing aid programs?

Qualifying projects are:

- Emergency rental assistance for households earning less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD)
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing
- Development of market rate residential rental properties outside of the metro area if certain conditions are met
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing and gap financing of affordable housing

For more information, Minnesota Statute has the complete list of [LAHA qualifying projects \(see subdivision 4\)](#) and [SAHA qualifying project \(see subd. 4\)](#).

### **What is gap financing?**

Gap financing is the difference between the property costs (including acquisition, demolition, rehabilitation and construction) and

- The market value of the property upon sale

OR

- The amount the target household can afford for housing (based on industry standards and practices)

### **What are the affordability requirements of LAHA and SAHA?**

Specific income requirements are provided for:

- Emergency Rental Assistance
  - Less than 80% of AMI
- Homeownership
  - At or below 115% of the greater of state or area median income
  - Priority for those at or below 80%
- Rental Housing
  - At or below 80% of the greater of state or area median income
  - Priority for those at or below 50%

State and area median incomes are determined by HUD.

While there are no income requirements or income qualification for projects supporting nonprofits, organizations should be providing affordable or supportive housing.

Some non-metropolitan communities may be eligible to spend aid on market rate developments. There are no income requirements for market rate housing under this category.

### **Are there other requirements if using these funds?**

Yes. If LAHA or SAHA is used for new construction or substantial rehabilitation of a building with more than four units, the building must be constructed, converted or otherwise adapted to include accessibility features, such as sensory-accessible ([see subd. 4](#)). Documentation will be required for reporting and compliance.

## **State Agency Roles and Reporting Requirements**

### **What roles do the Department of Revenue and Minnesota Housing play in distributing and tracking local housing aid?**

The Department of Revenue calculates and distributes the amount of aid available to each government. Revenue also accepts applications from eligible Tribal Nations.

Minnesota Housing's statutory role relates to reporting and compliance. First reports are due by December 1, 2025. While not required by the legislation, Minnesota Housing is hiring staff to support housing aid programs with technical assistance and coordination.

### **Does a city, county or Tribe need to apply to receive the funds?**

For cities and counties there is no application process. Revenue will distribute aid according to statutory requirements.

Tribal Nations eligible for SAHA must apply to receive funds annually. Tribes should work with Revenue to meet this annual requirement.

### **Does a city, county or Tribe need to seek preapproval before spending the funds?**

No. Approval is not needed before spending funds. However, funds must be used on qualifying projects and expenditures should be documented to avoid repayment or recapture.

### **Will Minnesota Housing be developing a program guide for housing aid?**

No. Housing aid is not a grant or loan program and is not subject to a program guide.

Minnesota Housing will support housing aid programs through guidance and staff support.

## **What are the reporting requirements for the funds?**

Beginning in 2025, housing aid recipients must submit a report to Minnesota Housing every year by December 1.

The report must include documentation ([see subd. 6\(b\)](#)) of:

- Qualifying projects completed or planned with the funds
- Location of unspent funds
- Inability to spend on a qualifying project prior to the deadline (if funds deposited into a local housing trust fund)
- Accessibility requirements (for project of four or more units)
- Relevant resolution and certifications for market rate developments in non-metropolitan communities

Additional guidance on the report's format will be provided in the future.

## **Do metropolitan counties need to submit a report for LAHA and one for SAHA?**

Minnesota Housing is determining if the reports must remain separate. However, if they do, the report format will be the same or substantially similar for LAHA and SAHA.

## **What happens if a city, county or Tribal Nation does not submit a report or does not spend the funds?**

Reports are due by December 1 every year. The first report is due on December 1, 2025.

If the aid recipient fails to submit a report, does not spend funds during the required timeframe, or spends funds on an ineligible project, they must repay the funds. Revenue may also suspend payments to these entities.

Find details on [LAHA timelines \(see subd. 6\)](#) and [SAHA timelines \(see subd. 6\)](#).

## **What happens to the aid funds if they are returned or recaptured?**

If returned, aid funds would be deposited with one or more of Minnesota Housing's programs. This includes Family Homeless Prevention and Assistance Program (FHPAP), the Economic Development and Housing Challenge Program (Challenge), and the Workforce and Affordable Homeownership Development Program as specified in law.

## Will Minnesota Housing be monitoring the use of housing aid prior to the reporting deadline for cities and counties?

Minnesota Housing will not require reporting prior to December 1, 2025, when the first report is due from cities and counties.

However, Minnesota Housing will be checking in with local governments to offer support and track spending progress.

## Definitions and Clarifications

### What is a Tier I and a Tier II city?

The terms Tier I and Tier II are used to determine cities that will receive aid.

A Tier I city is a statutory or home rule charter city that is a city of the first, second or third class. For LAHA, it must be in a metropolitan county. For SAHA, it must not be in a metropolitan county. [Read the full definition of cities and classes.](#)

A Tier II city is a statutory or home rule charter city that is a city of the fourth class and [not located in a metropolitan county \(see subd. 4\).](#)

### The bill requires aid be spent on a qualified project. What is the definition of spent? If a project is started but not completed, are the funds considered to be spent?

Minnesota Housing is seeking clarification on the definition of spent.

### Is SAHA funding from appropriations ongoing?

The following table reflects amounts appropriated to SAHA through the fiscal year ending in 2027. The appropriations are set at a base level with one-time increases in the first two years.

| SAHA Appropriations  | Fiscal Year Ending 6/30/24 | FYE 6/30/2025 | FYE 6/30/2026 | FYE 2027 and each year after |
|--|----------------------------|---------------|---------------|------------------------------|
| To the 87 counties in Minnesota                            | \$ 13,050,000              | \$ 13,050,000 | \$ 5,550,000  | \$ 5,550,000                 |
| To the 37 cities in Greater Minnesota                      | \$ 4,500,000               | \$ 4,500,000  | \$ 2,000,000  | \$ 2,000,000                 |
| To the 7 eligible Tribal Nations                           | \$ 2,700,000               | \$ 2,700,000  | \$ 1,200,000  | \$ 1,200,000                 |
| To Minnesota Housing for the Tier II Cities Grants program | \$ 2,250,000               | \$ 2,250,000  | \$ 1,250,000  | \$ 1,250,000                 |

| SAHA Appropriations | Fiscal Year Ending<br>6/30/24 | FYE<br>6/30/2025 | FYE<br>6/30/2026 | FYE 2027 and each<br>year after |
|---------------------|-------------------------------|------------------|------------------|---------------------------------|
| TOTAL               | \$ 22,500,000                 | \$ 22,500,000    | \$ 10,000,000    | \$ 10,000,000                   |

### **How were the funding allocations determined?**

Revenue determined allocations based on distribution formulas.

For counties and cities, these formulas consider cost-burdened households and total population. For Tribal Nations, funds are divided equally between eligible Tribes that apply by the deadline.

### **Will Tier II cities receive a disbursement of SAHA?**

Tier II cities will not receive a direct disbursement of SAHA.

However, the Legislature appropriated \$4.5 million for Tier II cities. Funds will be available as grants in the competitive process for a range of rental, homeownership and housing stability activities with a minimum award size of \$25,000.

Minnesota Housing will be preparing a program guide, a list of eligible Tier II cities and a request for proposals (RFP) in 2024.

## **Qualifying Projects and Expenses**

### **What portion of the housing aid funds can be used for staffing costs and administrative costs?**

Administrative costs and staffing costs are not listed as a qualifying project. Therefore, the funds are not able to be used for these costs.

### **If funds are used for Emergency Rental Assistance (ERA), what portion can be used for navigation, services and administration related to ERA provision and programs?**

Minnesota Housing is seeking clarification on how funds for ERA can be used.

### **If aid funds are used for demolition or removal of existing structures, does affordable housing need to be constructed on the site?**

Yes. The expense must be tied to affordable housing for eligible households. Demolition or clearing of land alone, including for speculative or future development of eligible housing, is not a qualifying project.

### **Can funds be used for planning activities (soft costs) for new construction and preservation affordable housing projects?**

Soft costs are only eligible as part of a qualifying project. General or speculative planning activities unrelated to a qualifying project are not an allowed use of funds.

### **Can funds be used for downpayment assistance for homebuyers?**

Qualifying projects include homeownership projects for income-eligible households.

Downpayment assistance may be provided as permanent financing or gap financing, depending on program requirements established by the aid recipient.

### **Can the housing aid funds immediately be deposited into a Local Housing Trust Fund?**

Funds can be held in a local housing trust fund while recipients determine if a project qualifies.

Funds must be spent on a qualifying project by the deadline in statute. Funds remaining in a local housing trust fund past the deadline will only be considered “spent” on a qualifying project if the aid recipient demonstrates that it could not spend funds by the deadline due to factors outside their control.

### **Can funds be transferred to a county or regional Housing and Redevelopment Authority (HRA) if they are spent on qualifying projects?**

Yes. Funds can be transferred to a county or regional HRA if they are spent on qualifying projects.

The original aid recipient is still responsible for all requirements related to the funds, including reporting.

### **Can funds be used for developing new infrastructure, such as utilities and roads, or upgrading existing infrastructure if the infrastructure serves affordable housing?**

Potentially. The infrastructure would need to be part of a qualifying project. All requirements related to project type, income affordability and other accessible requirements would also need to be met. Speculative site and infrastructure development would not be eligible.

Infrastructure development or improvement for sites that include development uses not allowed under this aid program would not be eligible.

### **What are some examples of expenditures ineligible for housing aid?**

Housing aid should be used for projects that create and preserve affordable housing or stabilize the housing of low-income people. This does not include:

- Shelter and other non-permanent housing options for people experiencing homelessness, including operating costs and services
- Conducting a housing or zoning study
- Costs to create a [Housing Improvement Area](#)
- Staff and services related to general housing quality and licensure, such as code enforcement
- Staff and administrative costs for operation of an HRA or county or city housing department
- Commercial, industrial or public space development projects
- Projects located outside of Minnesota

**If funds are used to support a nonprofit organization, do they need to be tracked to qualifying projects?**

Housing aid can be used to provide financial support to a nonprofit affordable housing provider in their mission to provide safe, dignified, affordable and supportive housing.

If aid is used in this manner, providing support to the eligible nonprofit is the qualifying project. The aid recipient should document that the funds were used to support the organization’s mission.

**Can a county or city use other state or federal funding as part of a development financing package that includes housing aid funds?**

Yes. State and federal funding can be used as a part of the project’s development financing package.

**If the funds are held in a Local Housing Trust Fund, can they be used as a match in Minnesota Housing’s Local Housing Trust Funds Matching Grants program?**

No. Housing aid cannot be used as matching funds in the [Local Housing Trust Fund Grants program](#). Only new public revenue, defined as local income committed to the Local Housing Trust Fund on or after June 29, 2021, can be used as matching funds.

**Can a county use its funds within cities that have also received housing aid?**

Yes. Counties can spend the funds on qualifying projects anywhere in the county, including cities that directly receive aid. Regional collaboration is encouraged to maximize the aid’s impact.

A county receiving aid should consult with the cities where projects are planned ([see subd. 7](#)).

**Will the aid funds trigger other state funding requirements, such as prevailing wage?**

For questions on labor and wage requirements, [contact the Department of Labor and Industry](#).

For questions on the use of sales tax proceeds, [contact the Department of Revenue](#).

HENNEPIN COUNTY  
HOUSING AND REDEVELOPMENT AUTHORITY

**DATE:** October 11, 2023

**TO:** Hennepin County Board of Commissioners

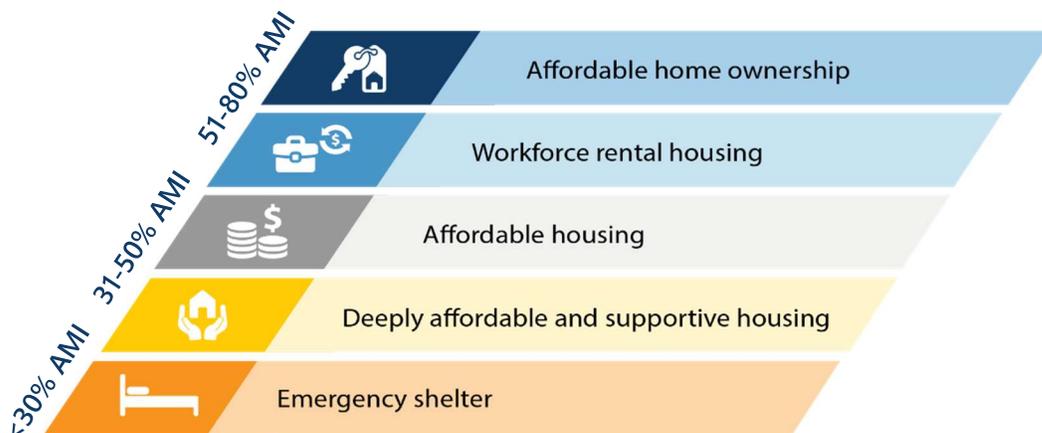
**FROM:** Kevin Dockry, Chief Housing and Economic Development Officer *KDD*  
David Hewitt, Housing Stability Director **DH**  
Julia Welle Ayres, Housing Development and Finance Director **JWA**

**SUBJECT:** Implementation plans for Metro Area Sales and Use Tax for Housing proceeds

This year, the 93<sup>rd</sup> Minnesota Legislature approved historic levels of new state funding for housing, including a first-ever tax dedicated to affordable housing. The new 0.25% Metro Area Sales and Use Tax for Housing, established with support from leadership from Hennepin County and other local jurisdictions, will raise an estimated \$29 million per year for Hennepin County. While state agencies continue to develop required guidelines/regulations for the use of sales tax proceeds, we understand that Commissioners may also be receiving outside inquiries. This point-in-time memo outlines staff's best understanding of eligible uses for the sales tax proceeds, as well as an implementation plan tailored to leverage Hennepin County's unique strengths and strategies to address our deepest racial disparities in housing.

**Background**

Hennepin County administers over \$146 million annually to address the full spectrum of housing needs.



In 2020, the county pushed harder on some of these tactics most needed for emergency response: vastly increased emergency rental assistance, property acquisition for emergency and long-term use, and shelter system improvements.

In March 2021, staff presented the key tactics and results of this housing strategy. First, to grow our impact on housing disparities, we must minimize the number of people entering homelessness, and maximize the number of people exiting homelessness, always in partnership with people with lived experience of homelessness. We minimize entries through emergency rental assistance, homeless diversion, and navigation

and legal support for renters. We maximize exits by lowering barriers and improving services in emergency shelters, providing housing-focused case management, expanding project-based subsidies, implementing the supportive housing strategy, and re-introducing single room occupancy (SRO) housing to the market.

In 2022, with the appropriation of State and Local Fiscal Recovery Funds from the American Rescue Plan Act, the county was able to allocate \$91.35M to housing and homelessness. Once again, these funds were programmed into our existing strategy for greatest impact, namely: homeless case management and employment services, additional shelter improvements, continued operations of low barrier and 24/7 shelters, eviction prevention, SRO conversion, and financing the pandemic-related increases to create affordable housing, preservation of naturally occurring affordable housing, accelerating the production of high-priority affordable housing, and new homeownership opportunities.

Hennepin County’s housing strategy focuses on households with the lowest incomes to reduce racial disparities in homelessness and housing cost burden, and to increase access to greater economic opportunities. This includes targeting funding to most affordable housing units, as well as creating new financial and development models to fill gaps in the housing continuum. This nationally recognized strategy has worked for Hennepin County’s residents, and we continually seek opportunities to sustain and grow it.

**Metro Area Sales and Use Tax for Housing**

The Metro Area Sales and Use Tax for Housing will be distributed within three pools:

- 25% to the new state rent assistance program
- 25% to the metropolitan city portion of the new Local Affordable Housing Aid program (distributed by share of cost-burdened households to cities with populations over 10,000)
- 50% to the metropolitan county portion of the new Local Affordable Housing program (distributed by 3% to each of the seven counties, plus as a share of cost-burdened households)

The 93<sup>rd</sup> Legislature also approved a Statewide Local Housing Aid program funding through appropriations. Both programs have the same criteria for metro-area jurisdictions, and so are treated as a single program for this memo.

*Funding anticipated 2023-2026*

| Source                       | 2023                     | 2024                      | 2025         | 2026         |
|------------------------------|--------------------------|---------------------------|--------------|--------------|
| Statewide Local Housing Aid  | \$1,721,944 <sup>1</sup> | \$3,913,509 <sup>2</sup>  | \$3,913,509  | \$1,721,944  |
| Local Affordable Housing Aid |                          | \$22 million <sup>3</sup> | \$29 million | \$29 million |

<sup>1</sup> Amount to be disbursed December 26, 2023

<sup>2</sup> Amount yet to be confirmed; half disbursed July 20, 2024, half December 26, 2024

<sup>3</sup> Amount to be announced by August 1, 2024, based on revenues collected through June 1, 2024, and disbursed December 26, 2024

*Qualifying projects*

Statute outlined three categories of eligible projects:

- Emergency rental assistance <80% AMI
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing
- Construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of affordable housing (homeownership projects <115% AMI; rental < 80% AMI)

In addition, statute defined how funds should be prioritized:

- affordability (homeownership <80% AMI, rental < 50% AMI);
- reduce disparities in homeownership;
- reduce housing cost burden, housing instability, or homelessness;
- improve the habitability of homes;
- create accessible housing; or
- create more energy- or water-efficient homes.

*Eligibility for our proven strategies*

Several of Hennepin County’s proven strategies (highlighted in the Background section above) meet qualifying project definitions under Local Affordable Housing Aid.

| Hennepin County’s proven strategies       | Local Affordable Housing Aid |
|---|------------------------------|
| <i>Shelter diversion</i>                  |                              |
| <i>Financial empowerment</i>              |                              |
| <i>24/7 shelter</i>                       |                              |
| <i>Case management</i>                    |                              |
| <i>Employment services</i>                |                              |
| <i>Low barrier shelters</i>               |                              |
| <i>Project based operating assistance</i> |                              |
| <i>Emergency renter assistance</i>        | ✓                            |
| <i>Supportive housing capital</i>         | ✓                            |
| <i>Supportive housing operating</i>       | ✓                            |
| <i>Single room occupancy</i>              | ✓                            |
| <i>NOAH Preservation</i>                  | ✓                            |
| <i>Affordable housing accelerator</i>     | ✓                            |
| <i>Homeownership assistance</i>           | ✓                            |

**Implementation plan**

The primary intent of this new funding source is to increase production of affordable housing in the metropolitan area. To do so, staff propose applying new Local Affordable Housing Aid funds to the proven strategies eligible under the statute. This strategy implements our disparities reduction framework and goals, and uses the program infrastructure already tested through the pandemic.

Since this is a new permanent source, staff recommend a multiphase approach to both meet immediate needs, and to pave the way for long-term impact.

**First, the initial funds to arrive in late 2023 will launch a new permanent eviction prevention fund.** This will continue the successes of the COVID-era eviction prevention, providing assistance at Housing Court where it is needed most.

**Second, funding will repair and build the capacity of affordable housing developers.** We will need a healthy ecosystem of developers and owners to truly expand affordable housing production, but our partners are still

struggling to keep existing projects open. Over the pandemic and recession, projects experienced tenants unable to pay rents on top of the increase in operating costs due to inflation and workforce issues. From 2024-2026, new funding will go to shore-up our developers and owners who have shown a long-term commitment to creating and maintaining affordable housing in Hennepin County, but who are at significant financial risk due to the pandemic.

**Third, funding will support and augment the Human Services budget to ensure continuity of high-impact programs.** Specifically, sales tax funds will support our community partners to deliver the wrap-around services that residents need to be successful in the projects receiving HRA’s Supportive Housing capital funds. Staff estimate that half of the 1,000 supportive housing units we finance from 2020-2030 will require a 15-year service or operating subsidy to cover unique operating and service gaps. Starting in 2025, new funding will be provided as up-front capitalized reserves to replace existing property tax commitments. Going forward, future commitments will not require ongoing annual property tax funding for these wrap-around services.

**Fourth, once developer capacity is restored, we will work toward production (and not stop).** Our pandemic recovery funding outcomes demonstrated that we make the biggest impact when developing a healthy pipeline of housing projects, while also providing strategic investments to finish high priority projects quickly. To that end, a portion of funds will expand the HRA’s Affordable Housing Incentive Fund, and a portion will resume the pandemic era “Affordable Housing Accelerator” fund that provided higher funding amounts to projects meeting key county priorities.

**And finally, modest appropriations starting in 2026 will advance disparity reduction and climate impacts in homeownership creation and preservation.**

| Implementation phases  | New permanent eviction prevention funding                |          |        |                   |            |
|--|--|----------|--------|-------------------|------------|
|  | Build developer capacity<br>Support / augment HHS budget |          |        | Expand production |            |
| Implementation years   | 2024   | 2025     | 2026   | 2027              | 2028       |
| Emergency rental assistance                                      | \$\$   | \$\$     | \$\$   | \$\$              | \$\$       |
| Affordable rental housing:<br>repair + grow capacity             | \$\$\$   | \$\$\$   | \$\$\$ |                   |            |
| Supportive housing operating                                     |  | \$\$\$\$ | \$\$\$ | \$\$              | \$\$       |
| Affordable rental housing: increase<br>and accelerate production |  |          | \$\$\$ | \$\$\$\$\$        | \$\$\$\$\$ |
| Homeownership opportunities                                      |  |          | \$     | \$                | \$         |
| Homeownership preservation                                       |  |          | \$     | \$                | \$         |

Once normalized, staff projects the following impacts:

*Projected resident impacts by 2026*

| Program                            | Implementation  | Annual funding             | Annual impact  |
|------------------------------------|---|----------------------------|----------------|
| <b>Emergency rental assistance</b> | \$6000/household; <b>100% &lt;30% AMI</b> ;<br>\$500K admin | \$5,000,000<br>(operating) | 750 households |

|  |   |                     |                               |
|--|---|---------------------|-------------------------------|
| <b>Affordable rental housing pipeline</b>    | Gap deferred financing for capital costs of creating/ preserving long-term affordable units; <b>25% &lt; 30% AMI</b> ; \$200K admin               | \$5,000,000         | 270 units                     |
| <b>Affordable rental housing accelerator</b> | Deferred financing for capital costs of creating/ preserving high-impact long-term affordable units; <b>50% units &lt; 30% AMI</b> ; \$200K admin | \$11,250,000        | 90 units                      |
| <b>Supportive housing operating</b>          | Capitalized reserves for unique services and operating costs for supportive housing projects; <b>100% &lt; 30% AMI</b> ; \$200K admin             | \$3,750,000         | 50 units                      |
| <b>Homeownership opportunities</b>           | Deferred financing for capital costs of building long-term affordable homes; <b>100% &lt; 80% AMI</b> ; \$200K admin                              | \$2,000,000         | 60 units                      |
| <b>Homeownership preservation</b>            | Leverage other funding sources for low-barrier climate resiliency and home health and safety improvements; <b>100% &lt; 60% AMI</b> ; \$40K admin | \$500,000           | 24 units                      |
| <b>Total</b>                                 |   | <b>\$32,000,000</b> | <b>1,244 households/units</b> |

This implementation plan will be advanced for Board affirmation at an upcoming meeting. Please do not hesitate to contact David, Julia, or Kevin with any questions.

Thank you.

Cc: David Hough, County Administrator  
Dave Lawless, Chief Financial Officer  
Kareem Murphy, Intergovernmental Relations Director

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 7, 2024**

**CALL TO ORDER**

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Tuesday, May 7, 2024, at 6:31 p.m. in the Council Chambers at City Hall, 1010 1<sup>st</sup> Street South.

Mayor Hanlon called the meeting to order with Council Members Balan, Garrido, Goodlund and Hunke attending. Others attending included City Manager Mornson, Assistant City Manager Casella, City Clerk Domeier, City Attorney Riggs, City Engineer Klingbeil, Planning and Economic Development Director Elverum, Police Chief Johnson, Fire Chief Specken, Sustainability Specialist Larson, Planner Howard, Community Development Manager Needham, Finance Director Bishop, and Director of Public Works Autio.

**ADOPT AGENDA**

**Motion** by Hunke. **Second** by Balan.

**Motion** to Adopt the Agenda.

**Ayes:** Balan, Garrido, Goodlund, Hanlon, Hunke

**Nays:** None. **Motion carried.**

**PRESENTATIONS**

**III.1. Public Safety Updates; Specken and Johnson**

Fire Chief Specken and Police Chief Johnson provided updates on their department's services and initiatives in 2023 and forecasting the same for 2024. The Chiefs answered questions regarding statistics, technology, budgeting and staffing after their presentations.

**III.2. Overview of 2024 Grants and Loans; Howard, Larson, and Needham**

Planner Howard, Sustainability Specialist Larson and Community Development Manager Needham provided an overview of 2024 Grant and Loan opportunities. The City Council thanked staff for their efforts on the programs and combined application process.

**III.3. Sustainability Update; Larson**

Sustainability Specialist Larson provided an update on sustainability initiatives and accomplishments. The City Council thanked Ms. Larson for her efforts on the sustainability programs and initiatives.

**CONSENT AGENDA**

**Motion** by Balan. **Second** by Hunke.

**Motion** to Approve the Consent Agenda.

1. Minutes of the April 16, 2024, Regular Meeting Proceedings
2. Extensions of On-Sale Liquor License and Approval of Temporary Liquor License for LTD Brewing LLC DBA LTD Brewing Co.; Domeier
3. Extension of On-Sale Liquor License for BCD Ventures Inc. DBA Mainstreet Bar & Grill; Domeier
4. Extension of On-Sale Liquor License for Pizza Luce VI, Inc. DBA Pizza Luce VI; Domeier

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 7, 2024**

5. Approval of Temporary Liquor License for Minnesota Food Truck Association; Domeier
6. Approval of Temporary Liquor License for BPOE Lodge 2221 DBA Hopkins Elks Lodge; Domeier
7. Approval of Temporary Liquor License for Oak Ridge Country Club Inc. DBA Oak Ridge Country Club; Domeier
8. Second Reading: Ordinance Amending Chapter 8 Article II of the Hopkins City Code; Kearney
9. Ratify Checks Issued in April 2024; Bishop
10. Resolution to Close Obsolete Funds and Transfer Balances; Bishop
11. Resolution Amending the Comprehensive Plan to assign the Commerce and Employment Future Land Use Designation for 9451 Excelsior Boulevard; Krzos
12. Approval of Revisions to Emergency Operations Plan; Specken

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**NEW BUSINESS**

**VII.1. Resolution Adopting an Energy Action Plan for the City of Hopkins; Howard** Planner Howard and Paolo Speirn, Partners in Energy representative, summarized City Council Report 2024-057. The City of Hopkins Energy Action Plan provides a road map for Hopkins's energy future by documenting community-defined goals that will create benefits for residents, businesses, and the environment by saving energy, reducing costs, and avoiding greenhouse gas emissions.

**Motion** by Hunke. **Second** by Garrido.

**Motion** to Adopt Resolution 2024-035, adopting an Energy Action Plan for the City of Hopkins.

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**VII.2. Resolution Ordering Topographic Survey and Preparation of a Project Scoping Study for Central Avenue Improvements, City Project 2024-10; Klingbeil** City Engineer Klingbeil summarized City Council Report 2024-059. A feasibility report is the first stage of an assessable street and utility improvement project. With concerns of timing and project costs staff is proposing completing a topographic survey and a Project Scoping Study of all remaining areas in the Central Avenues needing reconstruction.

**Motion** by Hunke. **Second** by Garrido.

**Motion** to Adopt Resolution 2024-036 ordering topographic survey and preparation of a Project Scoping Study for Central Avenue Improvements, City Project 2024-10 and authorizing Mayor and City Manager to enter into an agreement with Bolton and Menk, Inc. to prepare the Study.

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 7, 2024**

**ANNOUNCEMENTS**

Mayor Hanlon shared the City Council meeting schedule.

**ADJOURNMENT**

There being no further business to come before the City Council, and upon a motion by Balan, second by Goodlund, the meeting was unanimously adjourned at 8:39 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 15, 2024**

**CALL TO ORDER**

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Wednesday, May 15, 2024, at 6:30 p.m. in the Involve Room at City Hall, 1010 1<sup>st</sup> Street South.

Mayor Hanlon called the meeting to order with Council Members Balan, Garrido, Goodlund and Hunke attending. Others attending included Assistant City Manager Casella, Special Projects and Initiatives Manager Imihy Bean and City Planner Krzos.

The purpose of the meeting was to interview Board and Commission applicants. Based on the interviews, the City Council made the following recommendations:

- Appoint Elizabeth Boor to the Park Board.
- Appoint Nathan Miller to the Planning and Zoning Commission.

All recommended appointments are for two-years terms starting on July 1. New members will be appointed and sworn into office on June 4, 2024. The Park Board alternative choice is Sarah Packingham. The Planning and Zoning alternative choice is Josh Montgomery.

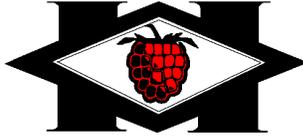
**ADJOURNMENT**

There being no further business to come before the City Council the meeting was unanimously adjourned at 8:39 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk



Administration

CITY OF HOPKINS

## City Council Report 2024-064

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Amy Domeier, City Clerk

Date: May 21, 2024

Subject: Approval of Business License Renewals for the term of July 1, 2024, to June 30, 2025

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### RECOMMENDED ACTION

**MOTION TO** Approve the submitted list of business license renewals for the term of July 1, 2024, to June 30, 2025, subject to licensees returning renewal application materials and fees.

### OVERVIEW

Business licenses are required to be renewed annually and subject to the same conditions as the originally issued license. Renewal applications must include a completed license application, certificates of workers compensation insurance, and license fees. Additional renewal materials may be required depending upon the type of license requested.

Business license renewals were due to the City Clerk's office on May 3. Most businesses have submitted their renewals; however, the remaining businesses will need to submit all their paperwork in accordance with the City's licensing ordinances to avoid double renewal fees or denial of license.

### SUPPORTING INFORMATION

- List of renewals by category
- Renewal applications are available in the City Clerk's office

**Tobacco Licenses (\$200):**

Backdoor Smoke Shop  
Casablanca Market  
Driskill's Downtown Market  
Holiday Station Store #261 and #413  
Hopkins Express  
Hopkins Tobacco and Vape  
Hopkins Liquor  
Hopkins Vaping Studio  
Jim's Liquor  
Mac's Liquor  
MGM Liquor Warehouse\*  
Midnite Market  
Oak Ridge Country Club  
Paul's Wine & Spirits  
Richard's Liquor  
US Grocery and Tobacco  
Walgreens #6730 and #4260\*

**Tobacco Establishment License (\$100):**

Hopkins Vaping Studio

**Refuse Collectors (\$75)/Refuse Vehicles (\$25 ea.):**

Aspen Waste Services, Inc.  
Dick's Sanitation  
Republic Services  
Walters Recycling and Refuse  
Waste Management of MN, Inc. – Blaine  
Waste Management of MN, Inc. – Burnsville

**Motor Vehicle Sales (\$400):**

Bellmobile, Inc.  
Luther  
Metro Motor Car Inc.  
Omega Auto Group\*  
Swedish Motor Sales  
Walser Chrysler-Plymouth, Inc.

**Car Wash (\$100)**

Hopkins Express  
Scrub Hub  
Sunshine Car Wash

**Bus Bench (\$45 ea.):**

U.S. Bench Corporation

**Bulk Petroleum Storage (\$100):**

Walser Chrysler-Plymouth, Inc.

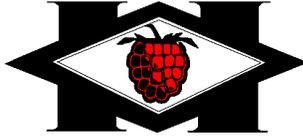
**Gasoline Station (\$75)/Add'l Pumps (\$12 ea.):**

Holiday Station Store #261  
Holiday Station Store #413  
Hopkins Express  
Midnite Market

*\*Renewal incomplete or missing*

**Amusement Devices (\$15)/Add'l Devices (\$15 ea.):**

John Wilbur Moore Post  
Mainstreet Bar & Grill  
Oakridge Apartments  
SS Billiards  
Tuttles Hopkins Bowl



Administration

CITY OF HOPKINS

## City Council Report 2024-065

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Amy Domeier, City Clerk

Date: May 21, 2024

Subject: Approval of Liquor License Renewals for the term of July 1, 2024, to June 30, 2025

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### RECOMMENDED ACTION

**MOTION TO** Approve the submitted list of liquor license renewals for the term of July 1, 2024, to June 30, 2025, subject to licensees returning renewal application materials and fees.

### OVERVIEW

Liquor licenses are required to be renewed annually and subject to the same conditions as the originally issued license. Renewal applications must include a completed license application, certificates of workers compensation insurance, liquor liability insurance, state renewal forms and license fees.

Liquor license renewals were due to the City Clerk's office on May 3. Most businesses have submitted their renewals; however, the remaining businesses will need to submit all their paperwork in accordance with the City's licensing ordinances to avoid double renewal fees, the inability to serve alcohol or denial of license.

### SUPPORTING INFORMATION

- List of renewals by category
- Renewal applications are available in the City Clerk's office

**Off-Sale Liquor (\$200):**

Ace Wine & Spirits  
Hopkins Liquor  
Jim's Liquor  
Mac's Liquor\*  
MGM Liquor Warehouse  
Paul's Wine & Spirits  
Pub 819  
Richard's Liquor  
The Vine Shop

**Off-Sale Brewer Malt Liquor/Sunday Sales (\$200):**

Bear Cave Brewing  
LTD Brewing Co.\*

**On-Sale 3.2 % Malt Liquor/On-Sale Wine (\$1,400):**

B-Dubs Express  
Brasa  
Cream and Amber  
Nachos Mexican Grill, LLC  
The Vine Room

**On-Sale 3.2 % Malt Liquor (\$600)**

Minneapolis Park Board/Meadowbrook Golf Course

**On-Sale Brewer Taproom/Sunday Sales (\$700):**

LTD Brewing Co.\*

**On-Sale Liquor/Sunday Sales (\$7,700):**

El Lorito  
K'Kinaco  
Mainstreet Bar & Grill  
Pink Ivy  
Pizza Luce VI  
Pub 819  
Thirty Bales  
Tuttles Hopkins Bowl  
Wild Boar

**On-Sale Liquor on Public Premise (\$350):**

Cream and Amber  
Mainstreet Bar & Grill  
Thirty Bales  
Wild Boar

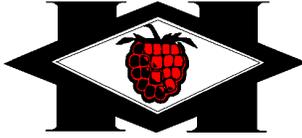
**On-Sale Alcohol Extended Hours (\$1,300):**

Mainstreet Bar & Grill  
Pizza Luce VI  
Wild Boar

**Club Sales/Sunday Sales (Fee based on membership):**

George R. Wolff VFW Post 425  
Hopkins Elks Lodge #2221\*  
John Wilbur Moore Post\*  
Oak Ridge Country Club

*\*Renewal incomplete or missing*



Administration

CITY OF HOPKINS

## City Council Report 2024-067

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Amy Domeier, City Clerk

Date: May 21, 2024

Subject: Approval of Temporary Liquor License for JCI Hopkins

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### **RECOMMENDED ACTION**

**MOTION TO** Approve the Issuance of a Temporary On-Sale Liquor License to JCI Hopkins for their Raspberry Festival event scheduled for July 20, 2024.

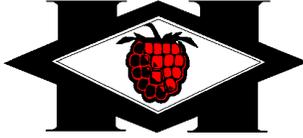
### **OVERVIEW**

JCI Hopkins has submitted an application for a temporary on-sale liquor license for their Raspberry Festival event at Central Park. The liquor service will be 4 p.m. to midnight. Temporary on-sale liquor licenses must be approved by the State of Minnesota, Alcohol & Gambling Enforcement Division.

The applicant meets the requirements set for by State Statute to obtain a temporary liquor license. Staff has reviewed the request to ensure that all requirements and issues concerning liquor compliance and public safety have been met.

### **SUPPORTING INFORMATION**

- The application and certificate of insurance are on file in the City Clerk's office.



Finance Department

CITY OF HOPKINS

## City Council Report 2024-066

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: May 21, 2024

Subject: Award the Sale of \$9,375,000 General Obligation Bonds, Series 2024A

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### RECOMMENDED ACTION

**MOTION TO** Adopt Resolution No. 2024-040: Awarding the Sale of General Obligation Bonds, Series 2024A, in the original aggregate principal amount of \$9,375,000; fixing their form and specification; directing their execution and delivery; and providing for their payment.

### OVERVIEW

The City of Hopkins has the authority to issue General Obligation bonds to pay for street improvements, utility improvements and mill & overlay projects. The 2024A bond issue is being sold to finance three purposes:

- 2024 street and utility reconstruction project in the Central Avenues. The bonds for this purpose will be issued with a 16 year term to come from general tax levy, special assessments and utility revenues. Principal payments will be made over 12 years from 2029 through 2040.
- 2025 mill and overlay projects in the Central Avenues. The bonds for this purpose will be issued with a 10 year term to come from a general tax levy. Principal payments will be made over 7 years from 2029 through 2035. Issuance for 2025 portion is being recommended based on timing of future street projects.
- 2024 Water & Sewer Utility Projects: Meter Replacement, SCADA Fiber and Lift Station #2 Rehabilitation. The bonds for this purpose will be issued with a 16 year term to come from utility revenues. Principal payments will be made over 12 years from 2029 through 2040.

The bond payments will come from a tax levy, utility revenues and special assessments. The interest rate for special assessments will be set at 2% over the True Interest cost (TIC) of the bonds. On May 14, 2024, Standard & Poor's reaffirmed the City's AA+ bond rating with a stable outlook.

At the April 16, 2024 Council Meeting the City Council authorized the sale of \$9,375,000 General Obligation bonds. The bond bids will be accepted until 10:00 AM on May 21, 2024 at which time they will be reviewed and the recommendation incorporated into Resolution 2024-040.

**SUPPORTING INFORMATION**

- Resolution 2024-040 (preliminary version, will be updated on May 21<sup>st</sup>)
- S&P Rating Report

EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY OF HOPKINS, MINNESOTA

HELD: May 21, 2024

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hopkins, Minnesota was called and held in City Hall on Tuesday, the 21st day of May, 2024, at 7:00 p.m., for the purpose, in part, of awarding the sale of the City's General Obligation Bonds, Series 2024A, and directing their execution and delivery.

The following members were present:

and the following were absent:

\* \* \*

\* \* \*

\* \* \*

The Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's General Obligation Bonds, Series 2024A, to be issued in the original aggregate principal amount of \$9,375,000.

The City Manager presented a tabulation of the proposals that had been received in the manner specified in the Terms of Proposal for the Bonds. The proposals are attached hereto as EXHIBIT A.

After due consideration of the proposals, Member \_\_\_\_\_ then introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

**RESOLUTION NO. 2024-040**

**A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2024A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,375,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED By the City Council (the "City Council") of the City of Hopkins, Hennepin County, Minnesota (the "City") as follows:

Section 1. Sale of Bonds.

1.01. Authorization. Pursuant to a resolution adopted by the City Council on April 16, 2024, the City authorized the issuance of its General Obligation Bonds, Series 2024A (the "Bonds"), to provide financing for (a) certain assessable public improvements within the City designated as the 2024 Street and Utility Improvements (City Project 2023-10) (the "Assessable Improvements"), pursuant to Minnesota Statutes, Chapters 429 and 475, as amended (the "Improvement Act"); (b) various improvements to the City's sewer, water, and storm sewer systems (the "Utility Improvements"), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (the "Utility Revenue Act"); and (c) certain street reconstruction activities described in a five (5) year street reconstruction plan approved by the City Council on March 1, 2022 (the "Street Reconstruction"), pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.58, subdivision 3b (the "Street Reconstruction Act").

1.02. Award to the Purchaser and Interest Rates. The proposal of \_\_\_\_\_ (the "Purchaser") to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$ \_\_\_\_\_ (par amount of \$9,375,000, [plus original issue premium of \$ \_\_\_\_\_,] [less original issue discount of \$ \_\_\_\_\_,] less an underwriter's discount of \$ \_\_\_\_\_), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

| <u>Year</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Interest Rate</u> |
|-------------|----------------------|-------------|----------------------|
| 2029        | %                    | 2035        | %                    |
| 2030        |                      | 2036        |                      |
| 2031        |                      | 2037        |                      |
| 2032        |                      | 2038        |                      |
| 2033        |                      | 2039        |                      |
| 2034        |                      | 2040        |                      |

True interest cost: \_\_\_\_\_%

1.03. Purchase Contract. The sum of \$ \_\_\_\_\_, being the amount proposed by the Purchaser in excess of \$9,271,875, shall be credited to the accounts in the Debt Service Fund hereinafter created or deposited in the accounts of the Construction Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City's municipal advisor. The good faith deposit of the Purchaser shall be retained and deposited until the Bonds have been

delivered and shall be deducted from the purchase price paid at settlement. The Mayor and City Manager are directed to execute a contract with the Purchaser on behalf of the City.

1.04. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Improvement Act, the Utility Revenue Act, and the Street Reconstruction Act (collectively, the "Act"), in the original aggregate principal amount of \$9,375,000, originally dated June 11, 2024, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2029        | \$            | 2035        | \$            |
| 2030        |               | 2036        |               |
| 2031        |               | 2037        |               |
| 2032        |               | 2038        |               |
| 2033        |               | 2039        |               |
| 2034        |               | 2040        |               |

(a) \$3,225,000 of the Bonds, constituting the Improvement Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Assessable Improvements:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2029        | \$            | 2035        | \$            |
| 2030        |               | 2036        |               |
| 2031        |               | 2037        |               |
| 2032        |               | 2038        |               |
| 2033        |               | 2039        |               |
| 2034        |               | 2040        |               |

(b) \$5,505,000 of the Bonds, constituting the Utility Revenue Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Utility Improvements:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2029        | \$            | 2035        | \$            |
| 2030        |               | 2036        |               |
| 2031        |               | 2037        |               |
| 2032        |               | 2038        |               |
| 2033        |               | 2039        |               |
| 2034        |               | 2040        |               |

(c) The remainder of the Bonds in the principal amount of \$645,000, constituting the Street Reconstruction Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the Street Reconstruction:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2029        | \$            | 2033        | \$            |
| 2030        |               | 2034        |               |
| 2031        |               | 2035        |               |
| 2032        |               |             |               |

1.05. Optional Redemption. The City may elect on February 1, 2032, and on any day thereafter to prepay Bonds due on or after February 1, 2033. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

**[TO BE COMPLETED IF TERM BONDS ARE REQUESTED]** 1.06. Mandatory Redemption; Term Bonds. The Bonds maturing on February 1, 20\_\_\_\_ and February 1, 20\_\_\_\_ shall hereinafter be referred to collectively as the "Term Bonds." The principal amount of the Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bonds credited against future mandatory sinking fund redemptions of such Term Bond in such order as the City shall determine. The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:]

Sinking Fund Installment Date

February 1, 20\_\_\_\_ Term Bond

Principal Amount

\_\_\_\_\_  
\* *Maturity*

February 1, 20\_\_\_\_ Term Bond

Principal Amount

\_\_\_\_\_  
\* *Maturity*

1.07. Combined Maturities. For the purposes of complying with Section 475.54, subdivisions 1 and 2 of the Act, the City hereby combines the maturities of the Bonds (including mandatory sinking fund installments, if any) with the City's General Obligation Bonds, Series 2022A.

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the "Registrar" and the "Paying Agent"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints Bond Trust Services Corporation, Roseville, Minnesota, as the initial Registrar. The Mayor and the City Manager are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Finance Director must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Manager and executed on behalf of the City by the signatures of the Mayor and the City Manager, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of

authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Manager will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT B.

3.02. Approving Legal Opinion. The City Manager is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Bonds, Series 2024A Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the “Assessable Improvements Account,” the “Utility Improvements Account,” and the “Street Reconstruction Account.” Amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Assessable Improvements Account. The following shall be pledged to the Assessable Improvements Account of the Debt Service Fund: (i) ad valorem taxes hereinafter levied for payment of the Improvement Bonds; and (ii) special assessments (the “Assessments”) levied against property specially benefited by the Assessable Improvements. There is also appropriated to the Assessable Improvements Account a pro rata portion of (1) capitalized interest financed from the proceeds of the Bonds, if any; and (2) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(b) Utility Improvements Account. The City will continue to maintain and operate its Sewer Fund, Water Fund, and Storm Sewer Fund (collectively, the “Revenue Funds”), to which will be credited all gross revenues of the sewer system, the water system, and the storm sewer system (collectively, the “Utility Systems”), respectively, and out of which will be paid all normal and reasonable expenses of current operations of such systems. Any balances therein are deemed net revenues (the “Net Revenues”) and will be transferred, from time to time, to the Utility Improvements Account of the Debt Service Fund, which Utility Improvements Account will be used only to pay principal of and interest on the Utility Revenue Bonds and any other bonds similarly authorized. There will always be retained in the Utility Improvements Account a sufficient amount to pay

principal of and interest on all the Utility Revenue Bonds, and the Finance Director must report any current or anticipated deficiency in the Utility Improvements Account to the City Council. There is also appropriated to the Utility Improvements Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(c) Street Reconstruction Account. Ad valorem taxes hereinafter levied for payment of the Street Reconstruction Bonds are hereby pledged to the Street Reconstruction Account of the Debt Service Fund. There is also appropriated to the Street Reconstruction Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

4.02. Construction Fund. The City hereby creates the General Obligation Bonds, Series 2024A Construction Fund (the "Construction Fund"). The City will maintain the following accounts in the Construction Fund: the "Assessable Improvements Account," the "Utility Improvements Account," and the "Street Reconstruction Account." Amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Assessable Improvements Account. Proceeds of the Improvement Bonds, less the appropriations made in Section 4.01(a) hereof, together with ad valorem taxes and the Assessments and any other funds appropriated for the Assessable Improvements collected during the construction of the Assessable Improvements, will be deposited in the Assessable Improvements Account of the Construction Fund to be used solely to defray expenses of the Assessable Improvements and the payment of principal of and interest on the Improvement Bonds prior to the completion and payment of all costs of the Assessable Improvements. Any balance remaining in the Assessable Improvements Account after completion of the Assessable Improvements may be used to pay the cost in whole or in part of any other improvement instituted under the Improvement Act, under the direction of the City Council. When the Assessable Improvements are completed and the cost thereof paid, the Assessable Improvements Account of the Construction Fund is to be closed and any subsequent collections of Assessments and ad valorem taxes for the Assessable Improvements are to be deposited in the Assessable Improvements Account of the Debt Service Fund.

(b) Utility Improvements Account. Proceeds of the Utility Revenue Bonds, less the appropriations made in Section 4.01(b) hereof, will be deposited in the Utility Improvements Account of the Construction Fund to be used solely to defray expenses of the Utility Improvements. When the Utility Improvements are completed and the cost thereof paid, the Utility Improvements Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Utility Improvements Account of the Debt Service Fund.

(c) Street Reconstruction Account. Proceeds of the Street Reconstruction Bonds, less the appropriations made in Section 4.01(c) hereof, together with ad valorem taxes and any other funds appropriated for the Street Reconstruction collected during the

Street Reconstruction, will be deposited in the Street Reconstruction Account of the Construction Fund to be used solely to defray expenses of the Street Reconstruction and the payment of principal and interest on the Street Reconstruction Bonds prior to the completion and payment of all costs of the Street Reconstruction. When the Street Reconstruction is completed and the cost thereof paid, the Street Reconstruction Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Street Reconstruction Account of the Debt Service Fund.

4.03. City Covenants with Respect to the Improvement Bonds. It is hereby determined that the Assessable Improvements will directly and indirectly benefit abutting property, and the City hereby covenants with the holders from time to time of the Bonds as follows:

(a) The City will cause the Assessments for the Assessable Improvements to be promptly levied so that the first installment of the Assessable Improvements will be collectible not later than 2025 and will take all steps necessary to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council will cause to be taken with due diligence all further actions that are required for the construction of each Assessable Improvement financed wholly or partly from the proceeds of the Improvement Bonds, and will take all further actions necessary for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the Improvement Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in Assessments and ad valorem taxes, the City Council will levy additional ad valorem taxes in the amount of the current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing receipts and disbursements in connection with the Assessable Improvements, Assessments, and ad valorem taxes levied therefor and other funds appropriated for their payment, collections thereof and disbursements therefrom, monies on hand, and the balance of unpaid Assessments.

(d) The City will cause its books and records to be audited at least annually and will furnish copies of such audit reports to any interested person upon request.

(e) At least twenty percent (20%) of the cost to the City of the Assessable Improvements described herein will be specially assessed against benefited properties.

4.04. City Covenants with Respect to the Utility Revenue Bonds. The City Council covenants and agrees with the holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid, it will keep and enforce the following covenants and agreements:

(a) The City will continue to maintain and efficiently operate the Utility Systems as public utilities and conveniences free from competition of other like municipal utilities and will cause all revenues therefrom to be deposited in bank accounts and credited to the respective Revenue Funds, as hereinabove provided, and will make no expenditures from those accounts except for a duly authorized purpose and in accordance with this resolution.

(b) The City will also maintain the Utility Improvements Account of the Debt Service Fund as a separate account and will cause money to be credited thereto from

time to time, out of Net Revenues from the Utility Systems in sums sufficient to pay principal of and interest on the Utility Revenue Bonds when due.

(c) The City will keep and maintain proper and adequate books of records and accounts separate from all other records of the City in which will be complete and correct entries as to all transactions relating to the Utility Systems and which will be open to inspection and copying by any Bondholder, or the Bondholder's agent or attorney, at any reasonable time, and it will furnish certified transcripts therefrom upon request and upon payment of a reasonable fee therefor, and said account will be audited at least annually by a qualified public accountant and statements of such audit and report will be furnished to all Bondholders upon request.

(d) The City Council will cause persons handling revenues of the Utility Systems to be bonded in reasonable amounts for the protection of the City and the Bondholders and will cause the funds collected on account of the operations of such systems to be deposited in a bank whose deposits are guaranteed under the Federal Deposit Insurance Law.

(e) The City Council will keep the Utility Systems insured at all times against loss by fire, tornado and other risks customarily insured against with an insurer or insurers in good standing, in such amounts as are customary for like plants, to protect the holders, from time to time, of the Bonds and the City from any loss due to any such casualty and will apply the proceeds of such insurance to make good any such loss.

(f) The City and each and all of its officers will punctually perform all duties with reference to the Utility Systems as required by law.

(g) The City will impose and collect charges of the nature authorized by Section 444.075 of the Utility Revenue Act, at the times and in the amounts required to produce Net Revenues adequate to pay all principal and interest when due on the Utility Revenue Bonds and to create and maintain such reserves securing said payments as may be provided herein.

(h) The City Council will levy general ad valorem taxes on all taxable property in the City when required to meet any deficiency in Net Revenues.

4.05. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.06. Pledge of Tax Levy. For the purpose of paying all or a portion of the principal of and interest on the Improvement Bonds and the Street Reconstruction Bonds, there is levied a direct annual irrevocable ad valorem tax (the "Taxes") upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Assessable Improvements Account, and the Street Reconstruction Account of the Debt Service Fund above provided and will be in the years and amounts as set forth in EXHIBIT C attached hereto.

4.07. Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes, Assessments, and Net Revenues will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided is irrevocable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the Auditor Treasurer of Hennepin County, Minnesota (the "County Auditor/Treasurer") the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor/Treasurer will thereupon reduce the levy collectible during such year by the amount so certified.

4.08. Registration of Resolution. The City Manager is authorized and directed to file a certified copy of this resolution with the County Auditor/Treasurer and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Manager, and the Finance Director are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, the City Manager, and the Finance Director are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Manager, and the Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature of the Mayor, the City Manager, the Finance Director, and the City Clerk to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

5.05. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses in accordance with

the closing memorandum to be prepared and distributed by Ehlers and Associates, Inc., the municipal advisor to the City, on the date of closing.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(b) the City designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2024 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2024 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Manager of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Manager will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event, the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate

Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Manager and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

(The remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Passed and adopted this 21st day of May, 2024.

---

Mayor

Attest:

---

City Clerk

**EXHIBIT A**  
**PROPOSALS**

**EXHIBIT B**  
**FORM OF BOND**

No. R-\_\_\_\_\_ UNITED STATES OF AMERICA \$ \_\_\_\_\_  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF HOPKINS  
  
GENERAL OBLIGATION BOND  
SERIES 2024A

| <u>Rate</u> | <u>Maturity</u>  | <u>Date of Original Issue</u> | <u>CUSIP</u> |
|-------------|------------------|-------------------------------|--------------|
|             | February 1, 20__ | June 11, 2024                 |              |

Registered Owner: Cede & Co.

The City of Hopkins, Minnesota, a duly organized and existing municipal corporation in Hennepin County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$\_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing February 1, 2025, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, Roseville, Minnesota, as Bond Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2032, and on any day thereafter to prepay Bonds due on or after February 1, 2033. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$9,375,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on May 21, 2024 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in making and undertaking certain assessable local improvements, certain

improvements to the sewer, water, and storm sewer systems of the City, and certain street reconstruction projects, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.58, subdivision 3b. The principal hereof and interest hereon are payable in part from special assessments levied against property specially benefited by local improvements, from net revenues of the sewer, water, and storm sewer systems of the City, and from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments, net revenues, and ad valorem taxes pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the sewer system, water system, and storm sewer system free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Sewer Fund, the Water Fund, and the Storm Sewer Fund, into which it will pay all of the gross revenues from the sewer system, water system, and storm sewer system, respectively; that it will also create and maintain a Utility Improvements Account within the General Obligation Bonds, Series 2024A Debt Service Fund, into which it will pay, out of the net revenues from the sewer system, water system, and storm sewer system, a sum sufficient to pay principal of the Utility Revenue Bonds (as defined in the Resolution) and interest on the Utility Revenue Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the sewer system, water system, and storm sewer system.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, charter, or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Hopkins, Hennepin County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Manager and has caused this Bond to be dated as of the date set forth below.

Dated: June 11, 2024

**CITY OF HOPKINS, MINNESOTA**

\_\_\_\_\_  
(Facsimile)  
Mayor

\_\_\_\_\_  
(Facsimile)  
City Manager

\_\_\_\_\_  
**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

**BOND TRUST SERVICES  
CORPORATION**

By \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT  
\_\_\_\_\_ Custodian \_\_\_\_\_

TEN ENT – as tenants by entireties

(Cust) \_\_\_\_\_ (Minor) \_\_\_\_\_  
under Uniform Gifts or Transfers to  
Minors Act, State of \_\_\_\_\_

JT TEN – as joint tenants with right of  
survivorship and not as tenants in  
common

Additional abbreviations may also be used though not in the above list.

---

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor’s signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

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NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program (“STAMP”), the Stock Exchange Medallion Program (“SEMP”), the New York Stock Exchange, Inc. Medallion Signatures Program (“MSP”) or other such “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if this Bond  
is held by joint account.)

Please insert social security or other  
identifying number of assignee

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**PROVISIONS AS TO REGISTRATION**

The ownership of the principal of and interest on the within Bond has been registered on  
the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of  
Officer of Registrar

Cede & Co.  
Federal ID #13-2555119

**EXHIBIT C**  
**TAX LEVY SCHEDULES**

**Tax Levy Schedule for Improvement Bonds**

| <u>YEAR *</u> | <u>TAX LEVY</u> |
|---------------|-----------------|
| 2025          | \$              |
| 2026          |                 |
| 2027          |                 |
| 2028          |                 |
| 2029          |                 |
| 2030          |                 |
| 2031          |                 |
| 2032          |                 |
| 2033          |                 |
| 2034          |                 |
| 2035          |                 |
| 2036          |                 |
| 2037          |                 |
| 2038          |                 |
| 2039          |                 |

---

*\* Year tax levy collected.*

**Tax Levy Schedule for Street Reconstruction Bonds**

| <u>YEAR *</u> | <u>TAX LEVY</u> |
|---------------|-----------------|
| 2027          | \$              |
| 2028          |                 |
| 2029          |                 |
| 2030          |                 |
| 2031          |                 |
| 2032          |                 |
| 2033          |                 |
| 2034          |                 |

---

*\* Year tax levy collected.*

STATE OF MINNESOTA     )  
  )  
COUNTY OF HENNEPIN    ) SS.  
  )  
CITY OF HOPKINS         )

I, being the duly qualified and acting City Clerk of the City of Hopkins, Hennepin County, Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on May 21, 2024 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City's General Obligation Bonds, Series 2024A, in the original aggregate principal amount of \$9,375,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this \_\_\_\_\_ day of May, 2024.

(SEAL)

\_\_\_\_\_  
City Clerk  
City of Hopkins, Minnesota

# RatingsDirect®

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## Summary:

# Hopkins, Minnesota; General Obligation

### Primary Credit Analyst:

Ying Huang, San Francisco + 1 (415) 371 5008; ying.huang@spglobal.com

### Secondary Contact:

Blake E Yocom, Chicago + 1 (312) 233 7056; blake.yocom@spglobal.com

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## Summary:

# Hopkins, Minnesota; General Obligation

### Credit Profile

US\$9.375 mil GO bnds ser 2024A due 02/01/2040

|                         |            |          |
|-------------------------|------------|----------|
| <i>Long Term Rating</i> | AA+/Stable | New      |
| Hopkins GO              |            |          |
| <i>Long Term Rating</i> | AA+/Stable | Affirmed |

### Credit Highlights

- S&P Global Ratings assigned its 'AA+' long-term rating to Hopkins, Minn.'s \$9.375 million series 2024A general obligation (GO) bonds.
- At the same time, we affirmed our 'AA+' long-term rating on the city's outstanding GO bonds.
- The outlook is stable.

### Security

The city's proposed and existing GO debt is secured by the city's full-faith-and-credit pledge and ability to levy unlimited ad valorem property taxes. The city also pledges various other revenues such as tax increment, tax abatement, special assessment, and various enterprise fund revenues, but in each case, we rate to the city's GO pledge. Bond proceeds will be used for various assessable public improvements, street reconstruction, and utility improvement constructions.

### Credit overview

Hopkins is in Hennepin County in the Minneapolis-St. Paul-Bloomington metropolitan statistical area (MSA), which we consider to be broad and diverse. Hopkins' proximity to the Twin Cities allows easy access to employment and retail opportunities and will become more easily accessible with the expansion of the Minneapolis light-rail system. Development throughout the city remains strong, including ongoing expansions and redevelopment, as well as steady growth in both multifamily and single-family housing. We view the city's continuous tax base growth, coupled with access to the Twin Cities MSA, as a credit strength.

Hopkins has a track record of healthy finances, ending fiscal 2022 with its fourth consecutive surplus. In fiscal 2023, the city budgeted for break-even operations but projects a surplus of \$582,000 based on preliminary results, driven by higher-than-budgeted interest income and revenues from licenses and permits and charge for services. Applying a portion of its allocation of American Rescue Plan funds, the city reduced large general fund receivables of its Art Center and other underperforming funds to \$800,000 in fiscal 2022 and plans to reduce it further by \$300,000 in fiscal 2023. For fiscal 2024, management budgets for a planned \$400,000 reserve drawdown to reduce its general fund balance ratio to be closer with its policy target of 42% of expenditures and then be sustained at near that level.

Hopkins is backed by a strong management team that implemented robust policies and practices. The city's debt

profile, while somewhat elevated, has been historically managed within its budget and with commensurate increases in tax levies. Even given sizable debt service carrying charges and plans for an additional \$8 million in debt, we expect structural balance will continue.

The rating reflects our opinion of the city's:

- Healthy incomes and wealth levels in a Twins Cities suburb, with consistent valuation growth;
- Solid financial performance, maintenance of very strong reserves that is expected to continue based on budget, and robust liquidity levels;
- Strong financial policies and practices under our Financial Management Assessment (FMA), characterized by quarterly reporting of budget-to-actual results and investment holdings to city council, long-term financial planning and capital plans updated annually, formal investment management, debt management and fund balance policies, and a strong institutional framework score; and
- Weak debt and liability profile, with sizable debt service carrying charges and elevated debt burden partially offset by rapid amortization, combined with manageable other long-term liabilities (pension and other postemployment benefits), further supporting its underlying credit quality.

### Environmental, social, and governance

We reviewed the city's environmental, social, and governance (ESG) risks and view them as neutral in our credit rating analysis. We also note the city has policies and practices in place to mitigate cyber security risks.

## Outlook

The stable outlook reflects our expectation that Hopkins will see consistent economic growth and maintain structural balance (when excluding the deliberate reserve drawdown) and very strong reserves over the outlook horizon.

### Downside scenario

We could take a negative rating action if the city's budgetary performance weakens, leading to a sustained reserve drawdown, or if debt increases substantially beyond current expectations.

### Upside scenario

We could take positive rating action if the city experiences material improvements in incomes and market value per capita to levels commensurate with those of 'AAA' peers, or if debt service costs decline, all other credit factors remaining equal.

| Hopkins, Minnesota--key credit metrics |             |                        |        |        |
|--|-------------|------------------------|--------|--------|
|  | Most recent | Historical information |        |        |
|  |             | 2022                   | 2021   | 2020   |
| <b>Very strong economy</b>             |             |                        |        |        |
| Projected per capita EBI % of U.S.     | 111         |                        |        |        |
| Market value per capita (\$)           | 143,187     |                        |        |        |
| Population                             |             | 19,830                 | 19,553 | 19,484 |
| County unemployment rate(%)            |             | 2.4                    | 3.8    | 6.6    |

## Hopkins, Minnesota--key credit metrics (cont.)

|   | Most recent | Historical information |           |           |
|---|-------------|------------------------|-----------|-----------|
|   |             | 2022                   | 2021      | 2020      |
| Market value (\$000s)   | 2,839,400   | 2,661,044              | 2,499,240 | 2,378,345 |
| Ten largest taxpayers % of taxable value                          | 19.3        |                        |           |           |
| <b>Strong budgetary performance</b>                               |             |                        |           |           |
| Operating fund result % of expenditures                           |             | 3.0                    | 7.8       | 8.5       |
| Total governmental fund result % of expenditures                  |             | (5.4)                  | 6.8       | 10.9      |
| <b>Very strong budgetary flexibility</b>                          |             |                        |           |           |
| Available reserves % of operating expenditures                    |             | 47.8                   | 46.0      | 17.3      |
| Total available reserves (\$000s)                                 |             | 7,919                  | 6,859     | 2,596     |
| <b>Very strong liquidity</b>                                      |             |                        |           |           |
| Total government cash % of governmental fund expenditures         |             | 123                    | 141       | 120       |
| Total government cash % of governmental fund debt service         |             | 538                    | 522       | 496       |
| <b>Very strong management</b>                                     |             |                        |           |           |
| Financial Management Assessment                                   | Strong      |                        |           |           |
| <b>Weak debt and long-term liabilities</b>                        |             |                        |           |           |
| Debt service % of governmental fund expenditures                  |             | 22.9                   | 26.9      | 24.3      |
| Net direct debt % of governmental fund revenue                    | 215         |                        |           |           |
| Overall net debt % of market value                                | 3.7         |                        |           |           |
| Direct debt 10-year amortization (%)                              | 73          |                        |           |           |
| Required pension contribution % of governmental fund expenditures |             | 3.4                    |           |           |
| OPEB actual contribution % of governmental fund expenditures      |             | 0.4                    |           |           |
| <b>Strong institutional framework</b>                             |             |                        |           |           |

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

## Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- 2023 Update Of Institutional Framework For U.S. Local Governments
- U.S. Local Governments Credit Brief: Minnesota Counties And Municipalities Means And Medians, Oct 11, 2023

## Ratings Detail (As Of May 14, 2024)

|   |            |          |
|---|------------|----------|
| Hopkins GO bnds   |            |          |
| Long Term Rating  | AA+/Stable | Affirmed |
| Hopkins GO bnds ser 2017B dtd 07/13/2017 due 02/01/2033 |            |          |
| Long Term Rating  | AA+/Stable | Affirmed |
| Hopkins GO bnds ser 2021A dtd 04/06/2021 due 02/01/2036 |            |          |
| Long Term Rating  | AA+/Stable | Affirmed |

## Ratings Detail (As Of May 14, 2024) (cont.)

|  |            |          |
|--|------------|----------|
| Hopkins GO imp bnds                    |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |
| Hopkins GO tax abatement bnds          |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |
| Hopkins GO tax increment rev rfdg bnds |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |
| Hopkins GO                             |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |
| Hopkins GO                             |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |
| Hopkins GO                             |            |          |
| <i>Long Term Rating</i>                | AA+/Stable | Affirmed |

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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